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FOR IMMEDIATE RELEASE

Tiong Seng posts 93.9% jump in net profit attributable to shareholders to S$3.2 million for 1Q2015

- **Revenue declined 39.8% to S$102.3 million on the back of lower contribution from construction projects in their different stages of completion**
- **Gross profit margins for construction increased from 7.4% to 10.9% due to continuous effort in improving productivity**
- **Order book of S$1.2 billion expected to be completed substantially by 2020**

S$'000	1Q2015	1Q2014	Change (%)
Revenue	102,316	170,007	(39.8)
Net profit attributable to shareholders	3,178	1,639	93.9
Earnings per share (cents) *	0.35	0.18	94.4

	As at 31March2015	As at 31 December 2014
Net asset value per share (cents) *	**29.04**	**27.34**
Cash & cash equivalents (S$'000)	**60,006**	**94,974**

**Based on 919,247,700 shares, net of non-controlling interests.*

SINGAPORE –15 May 2015 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (長成控股)** ("Tiong Seng", together with its subsidiaries, "the Group"), today reported 93.9% year-on-year ("yoy") increase in net profit attributable to shareholders to S$3.2 million, despite registering a 39.8% yoy decline in revenue for the three months ended 31 March 2015 ("1Q2015").

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, "While we registered a decline in revenue from our mainstay construction segment, this was due to differences in stages of various projects hence affecting the recognition in value. More importantly, we are pleased to report an expansion of gross profit margin from 7.4% to 10.9% in 1Q2015 with the improved margin in precast business. Leveraging on our expertise in construction technology, we are mindful of the competitive landscape and remain committed to streamlining costs and improving operational efficiency to boost profit margins."

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	1Q2015	1Q2014	Change (%)
Construction contracts	Revenue	97,876	166,998	(41.4)
	Profit	4,967	7,318	(32.1)
Sale of development properties	Revenue	1,411	1,288	9.5
	(Loss)	(1,460)	(2,733)	(46.6)
Sale of goods	Revenue	2,617	1,408	85.9
	(Loss)	(216)	(515)	(58.1)

The Group's **construction contracts** made up 95.7% of 1Q2015 revenue with a decrease of 41.4% yoy to S$97.9 million due to a net decline in work done for new, on-going and completed projects resulting from differences in construction stages of various contracts. In accordance to the Group's revenue recognition policy, work done amounting to approximately S$31.6 million from newly commenced projects have yet to be recognized as revenue as at 31 March 2015.

Revenue from the Group's **development properties segment** increased 9.5% yoy in 1Q2015 to S$1.4 million from S$1.3 million. Revenue was mainly contributed from the sale recognition of 3 units (601 sqm) of phase II from Sunny International Project and 2 units (383 sqm) of B1 from Equinox Project respectively. As at 31 March 2015, approximately S$87.6 million of gross development value were sold but yet to be recognized in accordance to the Group's revenue recognition policy. These projects include: 269 units (26,618sqm) of Sunny International, 50 units (13,474 sqm) of Equinox, 58 units (7,116 sqm) of Tranquility Residences, 1 unit (59 sqm) of Wenchang Baihui and 1 unit (141 sqm) of Tianmen Jinwan.

Sales of goods, comprising licensing income and component sales increased 85.9% yoy from S$1.4 million in 1Q2014 to S$2.6 million in 1Q2015. The rise is due mainly to an increase in sales volume.

Cash and cash equivalents as at 31 March 2015 stood at S$60.0 million. Net cash outflow from operating activities as at 31 March 2015 stood at S$28.1 million compared to a net cash outflow of S$13.3 million in previous period ended 31 March 2014. Net cash outflow from operating activities are mostly to support working capital of the Group which was largely attributable to: 1) Increase in development properties by S$42.3 million mainly from additional property development costs for Equinox and Tranquility Residences, partially offset by units sold in Cangzhou Sunny International phases II and

Equinox, 2) decrease in trade and other receivables by S$4.7 million due to a decrease in accrued receivables from on-going projects and retention sum receivables and 3) increase in trade and other payables by S$3.4 million due to an increase in trade payables and receipts in advance, partially offset by decrease in accrued trade payables, accrued operating expenses and retention sum payable.

For the three months ended 31 March 2015, the Group recorded a net cash outflow from investing activities of S$9.0 million, an increase of S$3.4 million as compared to the three months ended 31 March 2014. Within the same period, the Group recorded a net cash inflow from financing activities of S$36.1 million, an increase of S$6.4 million compared to the three months ended 31 March 2014. This was due to a S$33.7 million reduction in deposits pledged compared to a S$13.8 million in the previous corresponding period ended 31 March 2014 and funds received from related parties of S$6.9 million, partially offset by net receipt of loans and borrowings of S$11.3 million and balance proceeds from issue of rights of S$10.0 million obtained in previous corresponding period ended 31 March 2014.

As at 31 March 2015, the Group registered earnings per share of 0.35 Singapore cents (based on the share capital of 919,247,700 shares and net of non-controlling interests). In the same period, the Group's net asset value per share was 29.04 Singapore cents.

Outlook

Construction

The Ministry of Trade and Industry ("MTI") issued advanced estimates[1] on 14 April 2015 stating that the Singapore economy grew 2.1% yoy in 1Q2015, similar to the growth in 1Q2014. On a quarter-on-quarter basis ("qoq"), the economy expanded 1.1% compared to 4.9% in the preceding quarter.

On the construction front, the sector expanded 3.3% yoy, an improvement from 0.7% in the preceding quarter driven by higher private sector construction activities.

The competitive tender process and government legislation continue to add pressure to the construction industry. As a result, the Group remains focused on the strengthening its suite of construction technologies in order to further improve project efficiency.

[1] Ministry of Trade and Industry, "Singapore's GDP grew by 2.1 per cent in the first quarter of 2015", 14 April 2015

As at 31 March 2015, the Group's order book stands at S$1.2 billion, expected to extend till 2020.

Property Development in the PRC

According to a report by Moody's Investor Service on 31 March 2015[2], new measures introduced on 30 March 2015 regarding the easing of mortgage lending conditions and relaxation of tax rules will help boost property sales in the short term. However, pricing power for developers will be limited due to high levels of housing inventory in the market. In addition, the number of cities with more than 5% yoy declines in home prices increased from 38 to 52 in January 2015.

Mr Pek added, "The relaxation of policies is a sign that the Chinese government intends to continue its support for the real estate market. With the impairment made by the Group in the last financial year as part of our prudence approach, we believe that we are in a better position to navigate through the challenging housing market in China. We remain cautiously optimistic in the near to mid-term as the housing market in China continues to face industry-wide challenges and a supply glut. Moving forward, we strive to improve cost efficiencies while focusing on selling and marketing our remaining properties.

In addition, we remain vigilant of the competitive tender process and government legislations which continue to challenge the construction industry. We remain focused in strengthening our suite of construction technologies in order to further improve project efficiency and be selective in its tender in order to preserve shareholder value."

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[2] "Easing of mortgage terms and housing taxes credit positive for Chinese property developers", Moody's Investors Services, 31 March 2015

About Tiong Seng Holdings

Tiong Seng is principally engaged in building construction and civil engineering in Singapore, and property development in the PRC.

With an established track record of over 50 years, Tiong Seng is one of the leading building construction and civil engineering contractors in Singapore. It holds the highest grading of A1 from the Building Construction Authority of Singapore (BCA) for both general building and civil engineering, which qualifies the Group to undertake public sector construction projects with unlimited contract value.

Tiong Seng's property development business focuses on developing residential and commercial projects in various second- and third-tier cities in the PRC. The Group has successfully developed properties in Tianjin, Suzhou and Yangzhou and it currently has four on-going projects in the Bohai Economic Rim, which is one of the main economic zones in the PRC.

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